

Non-U.S. Companies, the MacBride Principles and Fair Employment in Northern Ireland:

**A Report to the
California Public Employees' Retirement System**

Summary

**Prepared by the Investor Responsibility Research Center
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Introduction

To produce a report that would comply with Statutes 1999, Chapter 341, Section 7513.5 of the California Government Code, the Investor Responsibility Research Center (IRRC) conducted research and prepared this report on fair employment at non-U.S. companies in the California Public Employees' Retirement System (Calpers) portfolio that currently are doing business in Northern Ireland.

Concerns about fair employment and other equality matters are central issues in the continuing search for a lasting solution to Northern Ireland's political conflict that in its latest iteration has lasted for three decades. Catholics historically have faced discrimination from the Protestant majority in Northern Ireland. Irish Americans and others worried about employment discrimination against Catholics in Northern Ireland have championed a code of conduct for firms operating there called the MacBride principles. The principles were drawn up in 1984 and have been used as a vehicle to pressure the British government to strengthen anti-discrimination laws in Northern Ireland, most significantly in 1989 but also in a more recent round of reform efforts that culminated in a law that passed the British Parliament in 1998. Responding to vocal and well organized Irish American constituents, 17 U.S. states and more than 30 cities and counties passed laws—mostly during the late 1980s and early 1990s—that require pension funds to support the principles through shareholder action and investment decisions. Many but not all of the MacBride laws either explicitly or implicitly limit the scope of the legislation to investments in U.S. companies. (For a full discussion of the MacBride principles and fair employment in Northern Ireland, please see IRRC's February 2005 background report, reprinted in Appendix 1 of this report; an update on developments through the end of 2005 appears in Appendix 2.)

California's 1999 law is similar to previous laws that invoke the MacBride principles, but it is not limited to U.S. corporations. The law requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to annually investigate and report on corporate compliance with the MacBride principles, and to support shareholder resolutions on the subject. Specifically, it requires the retirement systems to draw up a list of all portfolio companies that do business in Northern Ireland each year. The systems then must "determine whether each corporation on the list has, during the preceding year, taken substantial action, in compliance with the law applicable in Northern Ireland, designed to lead toward the achievement of specified goals." This report has been prepared by IRRC to achieve this goal with respect to non-U.S. companies.

IRRC staff members Heidi Welsh and Maureen O'Brien conducted the survey, analyzed the data and wrote the company profiles.

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Background to the Northern Ireland Conflict

Northern Ireland, made up of six of the nine counties of the historic province of Ulster, was formed when Ireland was partitioned between the largely Catholic south and the largely Protestant northeast in 1921. Partition followed a protracted Irish struggle for home rule. Of Northern Ireland's current population of 1.69 million people, 44 percent identify themselves as Catholics and 53 percent as Protestants. The remaining 3 percent claim no religious community affiliation.

Since 1969, conflict between the two communities has resulted in more than 3,000 deaths. The conflict is not mainly about religion; rather, it is a clash between the conflicting national identities of Irish-identified Catholic "nationalists" and British-identified Protestant "unionists." Harder-line supporters of a unified Irish republic are "republicans," and militant advocates of protecting Ulster's place in the United Kingdom are "loyalists."

The 1998 Good Friday Agreement established a government for Northern Ireland with an assembly of local politicians and an executive branch of ministers. It began governing in earnest in May 2000, but after working on and off, the British government suspended the body in mid-October 2002. The immediate crisis that precipitated the collapse was the discovery of a purported IRA spy ring, although unionists had threatened to bring down the government anyway by January, unless the IRA disbanded. (In a recent twist to the spy ring story, it was revealed in December 2005 that one of the Sinn Fein members arrested in the raid, a top party aide, was working for British intelligence.) Negotiators are still trying to put an agreement back in place that will reinstate the Assembly. A November 2003 election gave a majority of support in each community to the Democratic Unionist Party and Sinn Fein, eclipsing the more centrist Ulster Unionist and Social Democratic and Labour Parties.

Northern Ireland's Fair Employment Law

The Fair Employment and Treatment (Northern Ireland) Order 1998, approved by the British Parliament in December 1998, covers all public and private sector employers with more than 10 employees in Northern Ireland. It requires them to register with the Equality Commission, formerly the Fair Employment Commission (FEC), in Belfast and to submit annual reports to the commission showing the work force religious composition. The 1998 order consolidated all previous legislation relating to religious and/or political discrimination in Northern Ireland, including the landmark Fair Employment (Northern Ireland) Act 1989; the order also added new requirements for employers and government bodies. In addition, the law mandates periodic reviews of employment practices, plus monitoring of job applications by employers with more than 250 workers. The law also gives the Equality Commission the power to investigate employers and issue binding directives to ensure compliance. The commission has investigated a number of large companies with small proportions of Catholics or Protestants, subsequently negotiating affirmative action agreements, but to date it has chosen not to use its power to issue directives.

Catholic representation at employers monitored by the Equality Commission grew in 2004, the latest year for which data are available, after edging up gradually in the previous couple of years, reaching 42.6 percent of all full- and part-time workers whose community background was identified, up from 41.7 in 2003 and 40.9 percent in 2002. The monitored work force, including both the public and private sector, grew by nearly 2 percent between 2003 and 2004. Ending a slow decline, full-time employment in the private sector rose almost 1 percent, to 307,683. Catholics enjoyed a net increase in the private sector of 1.3 percent, while Protestants saw their share fall by 0.6 percent; the Catholic share of the private sector full-time work force whose religion was identified was 40.6 percent. The service sector continued its growth, reaching 62 percent of the private sector full-time work force. At the same time, manufacturing jobs continued to evaporate, falling by nearly 5 percent, while construction jobs increased by 2.5 percent. Consistent data on full-time workers at

employers with more than 25 employees are available back to 1990; the Catholic proportion of this part of the work force grew from 34.9 percent in 1990 to 41.4 percent in 2003. Of particular note is the increase in the share of Catholic male employment, which has grown from only 32.0 percent in 1990 to 38.8 percent in 2004.

The IRRC Survey

Starting in June 2005, IRRC sent its *Survey on Operations in Northern Ireland* to corporate officials at 110 non-U.S. parent companies, which owned 151 separate subsidiaries or affiliates. The companies surveyed were held in the Calpers portfolio in 2005 and identified by IRRC as having operations in Northern Ireland.

Corporate restructuring and divestments affected the final number of companies included in this report. One of the companies initially surveyed—ITV—has disposed and/or sold of all substantive operations in Northern Ireland, while one other—Ritek—has shut. In addition, DX Services, Inditex, Irish Life & Permanent and National Grid Transco all responded in full but indicated they now have fewer than 25 employees, the threshold for inclusion in this report. These six companies therefore are excluded from the report. IRRC surveyed the operations of two of the companies, Kyocera and Coca-Cola HBC, via connected U.S. firms, AVX and Coca-Cola. Some of the subsidiaries or affiliated companies IRRC initially identified have been sold or closed. In all, this report covers 104 parent companies and 143 Northern Ireland employers owned by them.

When parent companies held joint ownership of a single Northern Ireland employer, IRRC surveyed the majority partner, or sent the survey directly to the Northern Ireland firm. In most cases, IRRC was able to identify a Northern Ireland-based contact for each of the companies surveyed and, following the initial letters in June, sent reminders with a second copy of the survey in July, with telephone followup with several firms. IRRC subsequently sent draft profiles to the companies that had responded to the survey, eliciting additional input.

The survey asked the companies to provide information on the religious composition of their Northern Ireland operations, broken down by nine standard occupational categories, using a simplified version of the same reporting format used by Northern Ireland's Equality Commission. (All companies must report annually to the commission on full- and part-time workers, broken down by job category, gender and religion, and on applicants and new hires; employers with more than 250 workers also must report on promotions and leavers. The commission publishes only summary data on a company's overall work force composition.) The IRRC survey also requested information about each firm's fair employment policies and practices, including questions about the MacBride principles, and about formal discrimination complaints filed at Northern Ireland's Fair Employment Tribunal, which adjudicates the cases.

IRRC received complete or partial replies for Northern Ireland firms owned by 50 parent companies, obtaining a response rate of 45 percent of the parent companies surveyed that have current operations in Northern Ireland. A number of the companies indicated that their willingness to respond was tied to Calpers' substantial stock holdings in their firms. Seventeen of the companies that did not respond in 2005 had responded between 2002 and 2004, most of them substantively. Nearly two-thirds of the companies profiled in this report therefore have responded to IRRC monitoring in the last three years. One firm, Bank of Ireland, said it would reply this year but did not in time for inclusion in this report.

Method and Data Sources

For each of the subsidiaries or affiliates profiled in this report, IRRC analyzed whether Catholics and Protestants appear to be fairly represented in their work forces in relation to reasonable local recruitment areas, called catchment areas in Northern Ireland parlance. For survey respondents, IRRC assessed the percentage

of Protestants and Catholics in each job category against an appropriate catchment area, with more highly skilled categories generally assumed to draw from a broader geographic area, producing a target for Catholic representation at the company that is weighted by job category-specific catchment areas. In cases where a company did not respond to the survey, IRRC made best efforts to determine a reasonable catchment area for the company overall. Using data either provided by the company or published in the Equality Commission's latest annual monitoring report, IRRC then ran a statistical test to determine if the difference between the work force religious composition and the catchment area population breakdown was not simply random. If the difference was not random, IRRC concluded that either Catholics or Protestants were underrepresented to a statistically significant degree. One or the other group may be underrepresented for a range of reasons, including but not limited to past and/or present employment discrimination.

Factors considered in defining a catchment area include census data, which provide a detailed picture of local population breakdowns by community (religious) background, down to the neighborhood level, as of 2001. Commuting ease, pay levels and the amount of shift work also affect how far a potential employee is willing to travel. Labor availability is relevant, too, because community representation differs between occupations and job categories. There is a demographic component to the definition of a catchment area; the age structure of a company's work force and population shifts also may be important to consider. Companies employing younger people may be more heavily Catholic than the general population because Catholics account for a higher proportion of young people. Companies recruiting from the unemployed may also have higher proportions of Catholic applicants and hires because proportionally more Catholics than Protestants are unemployed. Because a catchment area definition depends on these complex variables, data on community representation must be considered with care.

In cases where companies have not provided information, statistics from the Equality Commission on firms with more than 25 employees are an important but limited source of information. The commission provides religious composition information only for each overall work force, while IRRC sought numbers broken down by job category, and in some instances data for multiple locations. To protect individual privacy, the Equality Commission does not release complete composition information on an employer if there are fewer than 10 people from one community at the company. In these cases, it has provided the overall employee numbers and indicated there are fewer than 10 Catholics or Protestants. For larger employers with a single location, that is usually sufficient information to establish that there appears to be an underrepresentation of one group. But for smaller employers, particularly those with fewer than 50 workers, the overall data may not be of great assistance. In cases where a company has multiple locations around Northern Ireland, a complete analysis needs to consider each location separately compared to its own catchment area. To avoid an unmanageably burdensome survey, IRRC did not request this information of employers. Where there were multiple locations, IRRC used Northern Ireland-wide data for comparisons unless a company provided specific, reasonable information showing that such a comparison was inappropriate. In some cases, IRRC also estimated an ideal Catholic proportion based on employment levels at multiple sites and the religious breakdown of the population around those sites, producing a site-weighted catchment area estimate.

Aside from the Equality Commission's work force monitoring data, the Fair Employment Tribunal maintains at its offices in Belfast a register of complaints that is an important source of information about cases that have been filed. The Equality Commission sporadically issues press releases about settlements paid to resolve complaints that it has supported before the tribunal. Additional details about complaints sometimes appear in the Northern Ireland press.

Some information about fair employment issues and related industrial relations matters can be gleaned from press reports, as well, although at best this provides only anecdotal data. IRRC conducted online press research for each of the companies included in the study to round out the available information. IRRC also was able to use its extensive historical database on Northern Ireland companies to look at employment trends over time at each employer. This helps to identify whether companies with an underrepresentation of Catholics or Protestants have made progress toward more fair representation.

Findings

The study produced six main conclusions, as follows:

- At Calpers non-U.S. portfolio companies, the Catholic representation of just under 37 percent is less than the current overall religious breakdown for Northern Ireland employers (about 42 percent) monitored by the Equality Commission and much less than the breakdown at U.S. companies (47 percent). The gap between Catholic representation at U.S. firms and non-U.S. firms that has shown up since IRRC began its non-U.S. survey in 2001 shows no sign of lessening.
- As has been the case for the last three years, far more firms surveyed appear to have problems with Catholic underrepresentation (31 employers) than with Protestant underrepresentation (22 employers). IRRC's fair representation assessments changed somewhat in 2003 to reflect newly available census data that documented an increase in the Catholic population.
- Among the companies where Catholics or Protestants do not appear to achieve fair participation at present, there has been change in work force composition in the last several years at only about one-third of the companies for which sufficient data are available to examine a number of years. At the other two-thirds, work force composition has stayed about the same or representation has become more one-sided. This finding is unchanged from previous years.
- Companies that responded to the survey reported using—for the most part—a full range of affirmative action measures prescribed by Northern Ireland's fair employment law, including the use of goals and timetables.
- In a switch from last year, far more cases are unresolved at non-U.S. companies, compared to U.S. firms. Non-U.S. companies also appeared to be a little less likely than their U.S. counterparts to see discrimination complaints withdrawn or conciliated, although there was little difference in the proportions of cases settled or dismissed.
- The number of firms that appear to be compliant with the MacBride principles is slightly less than in 2004—40, compared with 44 companies in 2004, 37 in 2003 and only 16 in 2002. The proportion of compliant companies and the substantial response to IRRC's survey nonetheless appears to reflect a reasonable level of comfort from non-U.S. firms with the principles and IRRC's monitoring process.

Table 1:
Employees at Non-U.S. Firms Surveyed

	2001		2002		2003		2004		2005	
Protestant	27,871	66.3%	20,974	62.2%	35,315	62.6%	32,572	64.0%	31,833	63.4%
Catholic	14,168	33.7%	12,735	37.8%	21,116	37.4%	18,304	36.0%	18,400	36.6%
Other	2,210	—	1,507	—	2,744	—	2,889	—	2,688	—
No information	242	—	501	—	437	—	941	—	755	—
Total	44,491		35,717		59,606		54,706		53,676	

Percentages given exclude employees classified as "other/undetermined" and those for whom no affiliation data are available. Employee totals are for 154 Northern Ireland employers in 2004, 139 in 2003, 105 in 2002 and 113 in 2001.

Underrepresentation

Catholics continued to be much better represented at U.S. firms in Northern Ireland than at the non-U.S. firms included in this study. While Catholics made up just under 37 percent of the 50,200 employees whose religion was identified at non-U.S. companies surveyed this year, a slight improvement over 2004, they accounted for nearly 47 percent of the 21,500 workers with identified religion at U.S. firms. (Table 1 illustrates

the breakdown among companies sampled over the last five years.) The gap between U.S. firms and the non-U.S. firms in the Calpers' portfolio has shown up in each of the years that IRRC has examined the fund's firms. In 2004, Catholics held 36.0 percent of jobs among the 50,876 workers with identified religion at the surveyed firms, compared with 37.4 percent of 56,421 workers in 2003, 37.8 percent of 33,700 workers in 2002 and 33.7 percent of 42,000 in 2001. Because a somewhat different subset of all non-U.S. employers has been examined each year, little can be inferred from the changes in the gap between Catholic representation at non-U.S. firms studied and U.S. employers as a whole, but it is clear that Catholic representation at non-U.S. firms is much lower than at U.S. firms.

Of the 143 employers analyzed in this study, 53 have work forces in which either Catholics or Protestants appear to be clearly underrepresented, and two-fifths of these—22 employers—are taking affirmative action steps to decrease these imbalances as required under Northern Ireland fair employment law (Table 2). (To implement the MacBride principles, companies with an underrepresented group also are expected to take affirmative action.) It is likely that many of the 22 firms whose affirmative action status is unknown are taking some kind of efforts, given the legal requirement, but IRRC was unable to determine if this is the case. Five of the companies that IRRC found to have underrepresentation dispute IRRC's assessment.

It continues to be the case, as it was in 2004 and 2003, that among Calpers portfolio firms, far more firms—31 employers—have problems with Catholic underrepresentation than with Protestant underrepresentation—just 22 employers. In 2002, these problems appeared to have been split about evenly between firms dominated by Catholics and firms dominated by Protestants. The magnitude of Protestant underrepresentation has tended to be less substantial than the magnitude of Catholic underrepresentation, on balance, which is predictable given overall Catholic representation trends among the employed in Northern Ireland. Overall representation of Catholics in the Northern Ireland work force has risen, however, so some observers may find troubling the persistently lower proportion of Catholic representation among the Calpers portfolio companies. One reason for this trend is that several of the largest employers IRRC has surveyed—most notably Bombardier and Michelin—have low proportions of Catholic representation and are in industries that have seen work force attrition, not growth. Significant growth in Catholic representation in the Northern Ireland work force as a whole has come in the IT and service sectors, where Catholics have strong representation.

Catholics account for 15 percent or less of the work force at 12 firms, while Protestants account for less than 15 percent of the work force at just three. Table 2 indicates which firms appear, from available data, to have clear or possible underrepresentation of Catholics or Protestants. The companies in each category are arranged in ascending order of representation for the group that does not appear to achieve fair participation. In cases where companies did not respond to the survey, it is possible more detailed work force information would change the analysis and produce a conclusion of no underrepresentation. More than half of the employers for which IRRC has identified underrepresentation were nonrespondents.

Since 1991, as the younger and more heavily Catholic cohort of workers has begun looking for work, the religious composition of the economically active population has shifted, as noted above. In 2003, data from the 2001 census were released, showing that the economically active population of Northern Ireland is 42.7 percent Catholic. IRRC's catchment area estimates therefore changed and in some cases produced findings of underrepresentation that arose because of demographic shifts. IRRC has continued to be relatively conservative in conclusions about fair participation and consequent affirmative action obligations because of the many factors involved in making accurate assessments of this nature.

Table 2:
Underrepresentation and Affirmative Action at Non-U.S. Northern Ireland Employers

Parent Company	Northern Ireland Firm	Employees	Representation Pct Cath.	Affirmative Action	Survey Response
Catholic Underrepresentation (31 employers)					
BOC Group	BOC Gases	69	6.8	yes	full
Smiths Group	Crane John Flexibox	121	8.5	yes	full
Celesio	AAH Pharmaceuticals	70	8.6	yes	full
Associated British Foods	ABN Ireland	84	10.7 ¹	unknown	none
Whitbread	Lloyd David Leisure	79	11.4 ¹	unknown	none
Associated British Foods	Allied Bakeries NI	328	12.6	yes	minimal
Diageo	Old Bushmills Distillery	125	13.6	yes	none
Thales	Thales Air Defence	563	13.8	yes	none
BG Group	Premier Power	122	14.0	yes	full
Gallaher Group	Gallaher	976	14.5	yes	partial
Bombardier	Bombardier Aerospace	5,552	14.9	yes	full
Fraport Group	ICTS (UK)	155	15.0	unknown	none
Michelin (CGDE)	ATS Euromaster	52	17.3 ¹	unknown	none
Lafarge	Lafarge Cement Ireland	99	17.4	unknown	none
Grupo Ferrovial	Belfast City Airport	303	19.0	yes	none
HSBC Holdings	HSBC Bank	74	20.0	no	full
Kerry Group	Golden Cow Dairies	80	20.0	unknown	none
Barclays	Woolwich	66	21.0	yes	full
Schlumberger	Schlumberger Completion Sys.	155	21.3	yes	none
Johnston Press	Morton Newspapers	266	22.8	unknown	none
Michelin (CGDE)	Michelin Tyre	1,221	24.8	unknown	none
Kerry Group	Dairy Produce Packers	244	25.1	unknown	none
Kyocera	AVX	597	26.2	no ³	full
Independent News & Media	Belfast Telegraph Newspapers	636	28.6	yes	none
Danske Bank AB	Northern Bank	2,273	30.0	unknown	none
Dixons Group	DSG Retail	411	33.2	yes	full
Nortel Networks	Nortel Networks	732	33.5	yes	none
Tesco	Tesco	8439	34.3	no ³	full
Wolseley	Brooks Belfast	75	38.4	yes	full
GUS	Homebase	438	40.2	unknown	full
Hilton Group	Hilton Templepatrick	137	82.3	yes	full
Possible Catholic Underrepresentation (6 employers)			Cath. Pct		
CRH	Springvale EPS	89	12.4	yes	full
Kone	Kone (NI)	48	18.7 ¹	no	none
3i Group	National Car Parks	83	18.1	yes	full
Wolseley	Wolseley UK - Plumb Center	70	21.1	yes	full
Corus Group	Corus UK	118	22.8	yes	partial
Diageo	Diageo Global Supply IBC	222	35.8	yes	partial
Protestant Underrepresentation (22 employers)			Prot. Pct		
Johnston Press	Derry Journal	90	10.0 ²	unknown	none
Metso	Metso Minerals Cappagh	72	12.5 ²	unknown	none

Parent Company	Northern Ireland Firm	Employees	Representation	Affirmative Action	Survey Response
Bombardier	Maydown Precision Eng.	151	13.5	unknown	none
Metro	Makro Multi-Trade Centre	246	15.3	unknown	none
Bunzl	McLaughlin Thomas	96	15.8	yes	partial
Matalan	Matalan Retail	115	24.2	unknown	none
InBev	Bass Ireland	216	24.3	yes	full
Hays	Hays Specialist Recruitment	69	30.6	unknown	none
HSBC Holdings	HFC Bank	43	32.6	no	full
GUS	Argos Distributors	224	42.8	no ³	full
Bank of Ireland	Bank of Ireland	1,345	44.5	yes	none ⁴
Diageo	Diageo NI	176	46.2	yes	partial
Woolworths Group	Woolworths	705	49.2	no ³	none
Fujitsu	Kainos Software	173	50.0	unknown	none
Allied Irish Banks	AIB Group Northern Ireland	1,657	50.3	no	none
Sodexo Alliance	Sodexo (UK)	792	51.0	unknown	full
Kingfisher	B & Q	1,177	53.0	no ³	full
Hilton Group	Hilton Belfast	142	54.2	yes	full
BT Group	British Telecom NI	2,486	54.4	yes	full
Rentokil Initial	Initial Cleaning Services	370	57.5	unknown	none
Allianz	Allianz Ireland	153	58.0	unknown	none
Deutsche Post AG	Exel	474	60.0	unknown	none
Possible Protestant Underrepresentation (11 employers)			Prot. Pct		
SCA - Svenska Cellulosa	SCA Packaging Ireland	162	17.9	unknown	none
Lafarge	Schiedel Chimney Systems	31	29.0 ²	unknown	none
Associated British Foods	Primark Stores	508	37.1	unknown	none
Next	Next Retail	733	45.9	unknown	none
Rentokil Initial	Initial Textile Services	78	50.6	unknown	none
Boots	Boots	1,239	53.4	unknown	none
Compass Group	Eurest, Medirest, Scolarest	1,345	54.1	yes	full
HBOS	HBOS	1,901	54.1	yes	full
Adecco	Adecco (UK)	322	54.6	unknown	none

¹Company has 0-9 Catholics; percentage given is maximum possible Catholic representation and may be less.
²Company has 0-9 Protestants; percentage given is maximum possible Protestant representation and may be less.
³Company does not consider any group to be underrepresented.
⁴Response promised in 2005 but not received.

Representation Trends

IRRC examined the key subset of companies where it appears that Catholics or Protestants currently are underrepresented to determine how the work force breakdowns at the Northern Ireland firms in question have changed since 2001. Sufficient data were available for such an analysis at 44 employers (Table 3). This approach allows an assessment of progress towards fair representation that does not require input from the companies, which is useful since consistent, detailed information on any affirmative action plans these companies may have is not available. It may be problematic, however, to draw broad conclusions from this relatively small subset of the surveyed firms.

As IRRC has found for several years, about two-thirds of the companies that currently appear to have an underrepresentation of one or the other group have either seen their work force proportion stay about the same or become more one-sided over the course of the last five years, as Table 3 illustrates. At two employers

where Catholics do not appear to achieve fair participation at present, the Catholic proportion has dropped by two or more percentage points since 2001. This slippage—three percentage points in each case—has occurred at Barclay's Woolwich financial services operation and at Fraport's ICTS (UK), which handles airport security. Woolwich has seen its work force drop from 90 to 66 employees between 2001 and 2005, while ICTS has grown by 20 workers, from 135 in 2001 to 155 in 2004, the latest year for which data are available.

At six firms where Protestants do not currently appear to achieve fair participation, the negative progression has been more pronounced than at the companies with Catholic underrepresentation, a result that IRRC also found in 2004. Allianz Ireland saw Protestant representation fall by two points while the work force increased by nine employees. Bunzl's McLaughlin Thomas subsidiary had a drop of 2.2 percentage points, with no change in the work force size. Metro's Makro Multi-trade Centre had a 4.5 percentage point drop in Protestant representation at the same time that the work force fell by 29 employees. Sodexho's work force fell by five percentage points at the same time that the number of employees fell by 683. At Deutsche Post's Exel business, there were 416 more employees over the time period studied, but Protestant representation fell by 10.7 percentage points. Finally, Hays Specialist Recruitment saw Protestant representation cut by one-quarter, and now employs 31 fewer workers than at the start of the period.

On the positive side of the ledger, there has been progress towards fairer representation at about one-third of the employers. The Catholic proportion of the work force has risen by more than two points at six firms where there currently appear to be too few Catholics. The most dramatic growth in the Catholic proportion, of more than nine points, occurred at GUS's Homebase department store chain, as the company expanded by about 120 employees. While UPM-Kymmene's Brooks Belfast operation stayed about the same size, Catholic representation grew by almost nine points. At DSG International, employment grew by 165 and the Catholic proportion rose by nearly five points. Nortel Networks hemorrhaged nearly 1,800 employees and saw the Catholic share of employment grow by 4.5 points. Hilton Templepatrick lost 100 employees and saw its Catholic share go up by more than four points. Finally, at BOC and Schlumberger, employment dropped by 11 and 55 workers, respectively, as the Catholic share of each work force grew by somewhat more than two points.

The largest jump in Protestant representation occurred at Kingfisher's B&Q stores, where about 560 workers were added and the Protestant proportion grew by 17 points. Hilton's Belfast hotel stayed about the same size and saw Protestant growth of 8 points, while InBev's Bass Ireland dropped 94 workers and saw Protestant growth of more than four points. Finally, the Woolworth's chain owned by Kingfisher saw Protestant growth of more than three percentage points and about 90 new jobs.

Table 3:
Recent Work Force Representation Trends*

Parent Company	Northern Ireland Firm	Pct Pts Change in Representation	Change in No. of Employees
Current Catholic Underrepresentation (26 firms)		Catholics	
GUS	Homebase	9.2*	119
UPM-Kymmene	Brooks Belfast	8.8	2
DSG International	DSG Retail	4.9	165
Nortel Networks	Nortel Networks	4.5*	-1788
Hilton Group	Hilton Templepatrick	4.3	-100
BOC Group	BOC Gases	2.6	-11
Schlumberger	Schlumberger Completion Systems	2.3*	-55
Danske Bank	Northern Bank	1.9*	-142
BG	Premier Power	1.0	-128
Golden Vale	Golden Cow Dairies	1.0*	16
Grupo Ferrovial	Belfast City Airport	0.9*	14

Parent Company	Northern Ireland Firm	Pct Pts Change in Representation	Change in No. of Employees
Independent News & Media	Belfast Telegraph Newspapers	0.5*	54
Bombardier	Bombardier Aerospace	0.4	-1002
Golden Vale	Dairy Produce Packers	0.1*	-14
Thales	Thales Air Defence	0*	63
Gallaher Group	Gallaher	-0.2*	-219
Johnston Press	Morton Newspapers	-0.3*	-17
Diageo	Old Bushmills Distillery	-0.4*	0
Smiths Group	Crane John Flexibox	-0.5	-25
Lafarge SA	Lafarge Cement Ireland	-0.6*	-1
Michelin	Michelin Tyre	-0.7*	18
Associated British Foods	Allied Bakeries NI	-1.4*	6
Tesco	Tesco	-1.7	1271
AVX	AVX	-1.8	-798
Barclays	Woolwich	-3.0	-24
Eraport	ICTS (UK)	-3.0*	20
Current Protestant Underrepresentation (18 firms)		Protestants	
Kingfisher	B & Q	17.0	563
Hilton Group	Hilton Belfast	8.2	6
InBev	Bass Ireland	4.3	-94
Kingfisher	Woolworths	3.2*	92
Rentokil Initial	Initial Cleaning Services	1.1*	-173
Bank of Ireland	Bank of Ireland	-0.5*	185
Diageo	Diageo Northern Ireland	-0.8*	2
Allied Irish Banks	AIB Group Northern Ireland	-1.3*	178
GUS	Argos Distributors	-1.3*	-108
Bombardier Inc.	Maydown Precision Eng.	-1.5*	-15
Fujitsu	Kainos Software	-1.5*	-88
BT Group	British Telecom Northern Ireland	-1.9	-20
Allianz AG Holding	Allianz Ireland	-2.0*	9
Bunzl	McLaughlin Thomas	-2.2*	0
Metro	Makro Multi-Trade Centre	-4.5*	-29
Sodexho S.A.	Sodexho (UK)	-5.0	-683
Deutsche Post	Exel	-10.7*	416
Hays	Hays Specialist Recruitment	-25.3*	31

*2001 to 2005; 2001 to 2004 for companies with asterisk.

Affirmative Action

Respondent companies described a number of types of affirmative action measures underway (Table 4). About half of the firms use statements in their recruitment advertisements that specifically welcome a named underrepresented group, and nearly all reported using general equal opportunity statements in recruitment efforts. About half also use outreach to schools in a particular community or post job ads in government job markets serving specific areas. About one-fifth reported conducting community outreach meetings with leaders in the target group, down a little from previous findings, and only a handful said they make special efforts to attract the unemployed, a disproportionately Catholic group, or make special efforts to facilitate affirmative action goals in training efforts of existing employees. But well over half said they have set specific goals, usually after discussions with the Equality Commission, although not all have reached formal affirmative action plans.

Table 4: Affirmative Action at Respondent Companies with Underrepresentation		welcoming statement	EEO in ads	specific schools	specific job markets	community outreach	efforts for unemployed	goals set	training efforts
Parent Company	Northern Ireland Firm								
<i>Clear or Possible Catholic Underrepresentation</i>									
Associated British Foods	Allied Bakeries NI	x	x	x				x	
Barclays	Woolwich	x	x					x	x
BG Group	Premier Power	x	x	x		x		x	
BOC Group	BOC Gases		x	x		x		x	
Bombardier	Bombardier Aerospace	x	x	x	x	x	x	x	x
Celesio	AAH Pharmaceuticals	x	x		x				
Diageo	Old Bushmills Distillery		x	x	x			x	
DSG International	DSG Retail		x		x		x		
Gallaher Group	Gallaher		x						
Grupo Ferrovial	Belfast City Airport	x	x	x	x			x	
Hilton Group	Hilton Templepatrick		x		x		x		
Independent News & Media	Belfast Telegraph Newspapers		x	x	x				
Nortel Networks	Nortel Networks	x	x	x					
Schlumberger	Schlumberger Completion Sys.		x					x	
Smiths Group	Crane John Flexibox	x	x	x				x	x
Thales	Thales Air Defence	x							
Wolseley	Brooks Belfast	x	x	x				x	x
<i>Clear or Possible Protestant Underrepresentation</i>									
3i Group	National Car Parks				x				
Corus Group	Corus UK		x	x				x	
CRH	Springvale EPS	x	x	x	x			x	
Diageo	Diageo Global Supply IBC	x	x	x	x	x			
Diageo	Diageo Northern Ireland	x	x		x			x	
Wolseley	Wolseley UK - Plumb Center		x						
Bank of Ireland	Bank of Ireland	x	x	x	x	x		x	
BT Group	British Telecom NI		x						
Bunzl	McLaughlin Thomas							x	
Hilton Group	Hilton Belfast		x		x				
InBev	Bass Ireland	x	x	x	x		x	x	x
HBOS	HBOS		x	x		x		x	

Formal Discrimination Complaints

A Fair Employment Tribunal (FET) to settle disputes between individuals and employers has been in place since 1990. After a complaint is filed, the FET first sends parties to the separate Labour Relations Agency for conciliation; they return to the FET if those mediation efforts fail. The number of complaints filed at the tribunal appears to have been very substantially lower in 2005 than in previous years, after having already fallen some earlier, as noted on Table 3. The backlog of pending cases has dropped to only 735, a significant reduction from previous levels of more than 1,000 cases. It still takes two years or more for most complaints to be resolved once they are filed at the FET.

Table 5
Fair Employment Tribunal Cases

<i>Disposition</i>	<i>2005*</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Lodged with the FET	183	455	466	481	613
Discrimination proved	3	1	12	6	8
Settled between parties	96	114	134	104	109
Dismissed	28	76	64	59	63
Conciliated, Labour Relations Agency	63	79	77	51	70
Withdrawn	273	309	370	232	259
Stayed	4	9	15	8	5
Pending	735				

The figures above represent the decisions issued during 2001 to 2005 for FET cases spanning from 1990 to November 2005.
*January to November 30, 2005.

The tribunal has issued findings of discrimination for under 2 percent of all the cases it has resolved since 1990. The parties have settled the complaints for a little less than 20 percent of the cases—sometimes for sums seen as substantial in Northern Ireland, although awards do not approach those in the United States; the highest awards so far have been a little more than \$100,000, and most are for much less. Complainants have withdrawn nearly 60 percent of the cases (once they receive more information about the circumstances of their cases, they often discover there is no fair employment angle). The tribunal has dismissed a little more than 10 percent of the cases, generally after hearings, and stayed less than 1 percent. The Labour Relations Agency has conciliated more than 8 percent of the cases.

Table 6:
FET Cases at Current Non-U.S. Subsidiaries and Affiliates

<i>Parent Company</i>	<i>Number of Cases By Disposition</i>						<i>Total</i>
	<i>Pending</i>	<i>Guilty</i>	<i>Settled</i>	<i>Withdrawn</i>	<i>Dismissed</i>	<i>Conciliated</i>	
Adecco	1		1				2
Allied Irish Banks	2		1	1	1		5
Associated British Foods			3	2	1		6
Aviva				1			1
Bank of Ireland	1		2	2			5
Barclays				1			1
Barloworld	2						2
BG Group	2		6	2		3	13
Bombardier	56	2	32	15	25	1	131
Boots			1		1	3	5
British Airways				1		2	3
BT Group	4		1	5	5	8	23
Capita Group	1					1	2
Coca-Cola HBC			2	7			9
Compass Group			4	8		4	16
Corus Group				1			1
CRH	1			1			2
Danske Bank	4		5	9	1		19
Deutsche Lufthansa/Karstadt Quelle			1				1
Deutsche Post			1	1			2

Parent Company	Number of Cases By Disposition						Total
	Pending	Guilty	Settled	Withdrawn	Dismissed	Conciliated	
Diageo	1		1	6			8
DSG International				1			1
EMAP				1			1
Fraport Group	22						22
Fujitsu				1			1
Gallaher Group				2			2
GlaxoSmithKline	1						1
Grupo Ferrovial			4	1		1	6
GUS	3			1		1	5
Hanson				1			1
HBOS	4		1	3			8
Hilton Group			1				1
Hutchison Whampoa						2	2
InBev						1	1
Independent News & Media	11		1	8			20
Johnston Press	2		4	6	1	2	15
Kerry Group	3		5	10	2	1	21
Kingfisher			2				2
Kyocera			2	4			6
Lafarge	1			2	1		4
Legal & General						1	1
Marks & Spencer	1			3		1	5
MDS	1				1		2
Metro	1					1	2
Metso	1						1
Micheline (CGDE)	1			1	1	1	4
Next	1			1	1		3
Nordea/Uponor						1	1
Nortel Networks	2			2	2		6
Prudential	1			3		1	5
Rentokil Initial	1			5		1	7
Sainsbury, J.	13		2				15
Schlumberger				1			1
Signet Group			1			1	2
Smith WH Group				1			1
Smiths Group			1				1
Sodexo Alliance			1	2	2		5
Tesco	2			10	1	5	18
Thales	1		2	53	2	1	59
Tomkins	1		1				2
Tyco International		1	1		1		3
Woolworths Group			2			2	4
Totals	149	3	92	186	49	46	525

Cases at non-U.S. companies: Between 1994 and the present, complainants lodged 525 formal discrimination grievances against the subsidiaries or affiliates of 62 of the non-U.S. parent companies included in this

report. (See Table 6 for the disposition of cases at each parent firm, as of November 2005.) The companies that stand out as having had the most cases filed against them, and the most complaints pending, are Bombardier, whose aerospace operation is one of Northern Ireland's biggest employers (56 cases pending), Fraport Group, whose ICTS subsidiary handles airport security (22 cases pending), Independent New & Media, which owns the Belfast Telegraph (11 pending complaints) and J. Sainsbury, a supermarket chain (13 pending cases);

The FET has formally determined companies have abrogated the law in just three cases at two of the parent companies included in this year's survey—Bombardier and Tyco International. Thirty firms have settled a total of 92 cases with complainants, often but not always admitting in the process that discrimination had occurred and generally paying some form of monetary compensation to the complainant. In addition, 46 cases have been conciliated, 186 have been withdrawn, and 49 have been dismissed. There are 149 cases currently pending before the Fair Employment Tribunal against firms connected to 32 parent companies. Given the overall trends, it seems likely that complainants ultimately will withdraw one-third to one-half of these cases, with additional numbers dismissed or conciliated.

When the disposition of FET cases at U.S. firms is compared to that at the non-U.S. companies studied, one category stands out. In a switch from previous trends, a much larger proportion of the cases that have been filed are pending against non-U.S. firms compared to U.S. companies; just 9 percent of the cases lodged against U.S. firms have yet to be resolved, compared with 28 percent of the cases lodged against non-U.S. firms. It is also the case that non-U.S. firms studied were a little less likely to have had cases withdrawn or conciliated. There was little difference in the proportions of cases settled or dismissed.

Views on the MacBride Principles

The survey yielded insights into non-U.S. firms' willingness to comply with the MacBride principles. About half of the U.S. firms now in Northern Ireland have formal agreements to implement the principles, agreements that usually have been reached through the shareholder proposal process. Social responsibility shareholder resolutions are often difficult to use outside of the United States, and no consistent effort to assess the attitudes of non-U.S. companies toward the MacBride principles had been undertaken until IRRC began surveying Calpers portfolio firms in 2001. Therefore, IRRC asked the non-U.S. firms: 1) if their policies currently reflect, or in the near future will reflect, the fair employment standards embodied in the MacBride principles, and 2) if they would be willing to respond to IRRC's annual survey to monitor their fair employment practices. These are the two conditions U.S. firms must meet to reach implementation agreements. A number of companies said their policies reflect the principles but were unwilling to submit to regular monitoring or did not respond to the question about monitoring. These firms are not included on the tally of firms that meet MacBride conditions.

Forty of this year's set of respondents have indicated that their operations reflect the MacBride principles and that they will cooperate with IRRC monitoring (Table 7). These firms own a total of 54 Northern Ireland employers, 34 of which reported taking affirmative action to correct underrepresentation in their operations. The number of firms that are supportive of the MacBride code is about the same this year as in 2004. Not all of the firms that have made commitments on the principles responded to IRRC's survey this year, and IRRC removed from the list of compliant companies a few firms that have been nonresponsive for several years despite having made an earlier commitment to cooperate with IRRC monitoring.

Table 7:
Calpers Portfolio Companies That Meet MacBride Conditions

Year*	Parent Company	Northern Ireland ployer	Em-	Underrep- resentation	Affirmative Action	2005 Survey Response
2001	Allied Irish Banks	AIB Group Northern Ireland		yes	no	none
2004	Anglo American	Tarmac Northern		no	yes	full
2003	Bank of Ireland	Bank of Ireland		yes	yes	none
		NIIB Group		no	yes	none
2005	Barclays	Woolwich		yes	yes	full
2004	BG Group	Premier Power		yes	yes	full
2001	BOC Group	BOC Gases		yes	yes	full
2001	Bombardier	Bombardier Aerospace		yes	yes	full
		Maydown Precision Eng.		yes	yes	none
2001	British Airways	BA CitiExpress		no	n.a.	partial
		British Airways		no	n.a.	full
2001	BT Group	British Telecom NI		yes	yes	full
2004	Bunzl	McLaughlin Thomas		yes	yes	partial
2003	Capita Group	Capita Business Services		no	n.a.	full
2004	Cattles	Shopacheck Financial Services		no	n.a.	none
2004	Coca-Cola HBC	Coca-Cola Bottlers (Ulster)		no	n.a.	full
2004	Communis	Communis Northern Ireland		no	n.a.	none
2004	Compass Group	Eurest, Medirest, Scolarest		maybe	n.a.	full
		Northstone (NI)		no	yes	full
2004	CRH	Springvale EPS		maybe	yes	full
		Tyrone Brick		no	yes	full
2003	Diageo	Diageo Global Supply IBC		maybe	yes	partial
		Diageo Northern Ireland		yes	yes	partial
		Old Bushmills Distillery		yes	yes	none
		S&B Productions		no	yes	full
2001	DSG International	DSG Retail		yes	yes	full
2002	Groupe Danone	Jacobs W & R & Co. (NI)		no	n.a.	none
2004	Grupo Ferrovial	Amey BPO Services		unclear	yes	none
2004		Belfast City Airport		yes	yes	none
2002	Hanson	Hanson Concrete Products		no	yes	full
2002	Hays	Hays Specialist Recruitment		yes	unknown	none
2004	HBOS	HBOS		maybe	yes	full
2004	Hilton Group	Hilton Belfast		yes	yes	full
2004	Hilton Group	Hilton Templepatrick		yes	yes	full
2002	InBev	Bass Ireland		yes	yes	full
2001	Indep. News & Media	Belfast Telegraph Newspapers		yes	yes	none
1998	Kyocera	AVX		yes	no	full
1993	Nortel Networks	Nortel Networks		yes	yes	none
		Nortel Athletic & Social Club		unclear	yes	none
2003	Prudential	Prudential		no	yes	full
2004	Sainsbury, J.	Sainsbury's Supermarkets		no	n.a.	full
2002	Signet Group	Signet Trading		no	n.a.	full
2004	Smith WH Group	WH Smith Retail		no	n.a.	full
2001	Smiths Group	Crane John Flexibox		yes	yes	full
2003	Sodexo Alliance	Sodexo (UK)		yes	unknown	full

Year*	Parent Company	Northern Ireland employer	Em-	Underrep- resentation	Affirmative Action	2005 Survey Response
2001	Thales	Thales Air Defence		yes	yes	none
2001	Tomkins	Schrader Electronics		no	yes	full
		ADT Fire and Security		no	n.a.	full
2005	Tyco International	Controlled Electronic Mgt Sys.		no	n.a.	full
		Tyco Healthcare		no	n.a.	full
		Wormald Fire Systems		no	n.a.	full
2004	Wolseley	Brooks Belfast		yes	yes	full
		Wolseley UK - Plumb Center		maybe	yes	full
2003	Woolworths Group	Woolworths		yes	no	none
*Year in which company first indicated its policies reflect the standards embodied in the MacBride principles and agreed to cooperate with independent IRRC monitoring of fair employment matters.						

Company Profiles

The report contains profiles of the 104 non-U.S. parent companies included in the study, covering 142 Northern Ireland employers. Each company entry starts with an overview of key fair employment facts that relate to all the parent company's operations in Northern Ireland: whether the company meets the conditions of MacBride implementation, if any of the operations in Northern Ireland have an underrepresentation of Catholics or Protestants and if the company is taking any affirmative action, and the number (if any) of Fair Employment Tribunal discrimination findings and/or settlements. For each subsidiary or affiliate, the facility name is stated, along with the percentage of equity held by the parent firm if less than 100 percent, the location, business line, whether any underrepresentation exists (and for which group) at the operation, and the employee breakdown. Percentages of Catholics and Protestants in each work force are provided when the total employee count exceeds 50; conclusions drawn from proportional breakdowns below 50 are generally questionable. Subheadings in the remainder of each profile indicate:

- the extent of the company's response to IRRC's 2005 survey;
- the quality and source of information available;
- compliance with Northern Ireland's fair employment law and its *Code of Practice*;
- whether Catholics and Protestants appear to be fairly represented;
- the company's position on the MacBride principles;
- any affirmative action the company is taking;
- the existence of any chill factor and any steps taken to ensure a neutral workplace; and
- any discrimination complaints filed against the company at the Fair Employment Tribunal.

Politics, Equality and Human Rights Issues in Northern Ireland in 2005

Northern Ireland voters went to the polls in the U.K. general election on May 5, 2005, and helped Sinn Fein and the Democratic Unionist Party consolidate their new holds on political power. Sinn Fein faced challenges involving the January 2005 murder by alleged IRA members of a Belfast man, and continued fallout from a December 2005 Belfast bank robbery, which the police attribute to the IRA; it nonetheless polled 24.3 percent of the votes for the Westminster election, earning five seats in Parliament; it got 23.2 percent of the

vote for Northern Ireland district council seats. The DUP got 33.7 percent of the Westminster vote and 9 MPs (29.6 percent for district councils). The former dominant parties saw their support erode further: the Social Democratic and Labor Party held on to its three MPs but got just 17.5 percent of the Westminster vote (17.4 percent for district councils), while the Ulster Unionists lost all but one of the seats in Parliament, with just 17.7 percent, and received only 18 percent of the district council votes.

Sinn Fein's success at the voting booth came despite the shadow cast on its fortunes by the January 2005 murder of Robert McCartney after a brawl in a Belfast pub, by an alleged IRA member. The continuing connection of some IRA members to common criminality like the McCartney murder has proved a persistent and difficult obstacle for political progress. In a break from past community reaction to IRA-associated murders, McCartney's long-term girlfriend and sisters spoke out strongly against the IRA, which they blamed for not turning the perpetrators into the police. U.S. President George Bush also broke with St. Patrick's Day tradition when he invited the family in place of Northern Ireland's major party leaders to White House celebrations. In a further snub to Sinn Fein, Sen. Edward Kennedy (D-Mass.), traditionally an outspoken supporter of the nationalists' cause, refused to meet with the party's leader, Gerry Adams. Adams also saw his permission to raise funds in the United States rescinded later in the year.

But in a long-awaited move on July 28, the IRA announced its armed campaign was over, opening the way for possible forward progress in the stalled negotiations. The paramilitary group stopped short of announcing complete disbandment, raising some predictable eyebrows among skeptics in Northern Ireland, but did appear to call for an end to any criminal activity, in a nod to the issues raised by the McCartneys. It also vowed to cooperate with the International Monitoring Commission and Protestant and Catholic church representatives in putting its weapons beyond use. A report on the status of IRA arms decommissioning is due out early in 2006 and is expected to help alleviate some Unionist concerns, or at the least give them enough political cover to move forward. British Prime Minister Tony Blair welcomed the IRA move as a "step of unparalleled magnitude." Dublin and Washington also praised the news, yet cautioned that the IRA must back up its words with action. The DUP remained skeptical and said it would have to judge the action based on a continued lack of activity. Secretary of State for Northern Ireland Peter Hain distinguished this declaration from IRA ceasefires called in 1994 and 1997, however. The British government began to dismantle watchtowers in Belfast; it has promised to cut its troop strength in half.

Observers IRRC interviewed in Northern Ireland in fall 2005 suggested that another round of local elections in 2006 may be used to give political parties in Northern Ireland a fresh mandate. The second half of 2005, following the IRA announcement, has been widely seen as a quiet period that the parties are using to reach agreement on the shape of renewed devolved government institutions. Disagreement over policing and the extent to which it should be overseen by local political entities also continued to roil the political waters throughout the year.

Investment and equality concerns: The long-awaited peace dividend is being realized in a wave of new investment projects in Northern Ireland. But much of the investment is bypassing the region's most deprived communities, whose plight is compounded further by the fact that many of their job-seekers are ex-prisoners who were convicted of violent crimes in the past sectarian struggles. Northern Ireland law generally allows employers to discriminate against such individuals in hiring decisions. Both problems are largely beyond the influence of the MacBride principles, which have focused on affirmative action responsibilities at private sector employers.

With the end of armed conflict has come upbeat talk of a multi-billion dollar investment strategy. In September, Secretary of State for Northern Ireland Hain announced the first phase of a \$1.7 billion project to redevelop the famed Titanic Quarter, in a waterfront redevelopment project that is one of the largest of its type in Europe. The project is the most visible project in a portfolio managed by the Strategic Investment Board (SIB), which was established in May 2003 with funding from Westminster to address the legacy of under-investment in Northern Ireland's public service infrastructure. The SIB, a limited company, is wholly

owned by the Office of the First Minister and Deputy First Minister and is in charge of a 10-year, \$29 billion investment program that will invest in a wide variety of public services.

The Comptroller announced in June that the state will invest \$7 million in Crescent Capital II, a Belfast-based equity fund sponsored by Invest Northern Ireland, which focuses on investments in small technology companies. In explaining the state's first investment in Northern Ireland, the Comptroller spoke of the tremendous opportunities Northern Ireland now presents to the investment community and added that the narrowing of the gap between Protestant and Catholic employment figures and progress made through the Irish peace process warranted the investment.

Against the backdrop of buoyant investment prospects lies a legacy of deprivation, underscored in a report released by the Northern Ireland Statistics and Research Agency (NISRA) in May 2005. NISRA's chief demographer told IRRC that deprivation persists in the predominantly Catholic, nationalist areas of Northern Ireland, with six of the top 10 most deprived areas having overwhelmingly Catholic populations. At the same time, many predominantly Protestant, unionist areas remain deprived, as well.

Sinn Féin points to both the deprivation study and the annual reports of investment promotion agency Invest Northern Ireland to argue that its constituents in nationalist communities need further assistance. It argues that new investments have by and large failed to tackle discrimination and disadvantage and simply replicated patterns of disadvantage. Sinn Féin believes the government's method of targeting areas of social need is insufficient. For their part, DUP representatives counter that many Protestant areas are as deprived as their Catholic peers. Many in the Protestant community argue that Catholics have disproportionately benefited from social programs for the last few decades; they believe programs now need to be directed to help Protestants, especially in light of de-industrialization and years of underinvestment that resulted from the persistent violence. The DUP says working class Protestants also need investment in education and jobs, and contends that the community organizations that act as a safety net in Catholic areas are lacking in unionist neighborhoods, helping to cement growing Protestant working class alienation with the "new" Northern Ireland.

Yet the Committee on the Administration of Justice, an independent human rights group, does not believe that Catholics have prospered at Protestants' expense. Rather, says CAJ, Protestant working class areas have suffered primarily from de-industrialization. A study commissioned by the Department for Social Development and conducted by PriceWaterhouseCoopers in January 2005 undercut the idea that Catholics are more likely to receive assistance from the European Union than Protestants, helping to back up CAJ's assertions. CAJ and other government critics contend that the requirement that government must assess equality and target social need in all its policies is simply not being applied by the bureaucrats who must implement it.

The Office of the First Minister and Deputy First Minister and Invest Northern Ireland contend the government has taken steps to promote economic development in the most impoverished areas of Northern Ireland. InvestNI says that approximately 80 percent of the first visits the agency has made with prospective investors have been to areas like West Belfast. The agency told IRRC it has attempted to put together packages to make deprived areas more attractive to investors, but that challenges such as inadequate infrastructure have proved difficult to surmount. As such, the SIB's investments could help InvestNI realize gains in the areas most in need of help from the money now flowing into Northern Ireland.

Political prisoners—Even if the needs of deprived areas are addressed, however, there remains the lingering problem of ex-political prisoners, who have come largely from the most deprived areas of Northern Ireland. In addition to the barriers to work for residents in these areas, ex-prisoners have additional hurdles to jump. Former prisoners who contend that their crimes were politically motivated—and who in many cases were released under the terms of the Good Friday Agreement—can be excluded from protections under anti-discrimination legislation in Northern Ireland. Employers can block ex-convicts from participating in the traditional workplace, relegating them to "the dole" or to jobs in the black market. The Rehabilitation of Offenders (NI) Order 1978 allows persons sentenced to less than 30 months a chance to wipe the slate clean,

but this does not apply to most people arrested for crimes during “the Troubles.” Resolving issues related to prisoners continues to be a key component in the peace process.

Corporate policy on hiring ex-convicts is important because their common exclusion from the public sector labor market significantly limits their job prospects. (In Northern Ireland, the public sector employs about 220,000 people, or 30 percent of the eligible work force.) But companies may be reluctant to employ ex-prisoners for fear a contentious character would bring disharmony to the work place. One company official told IRRC, “We have to move on as a society,” but on the other hand “you don’t want to hire a murderer.” Some companies have adopted a different view, however. United Technologies’ Chubb security services firm will pass applicants who have a record that has been clean for 10 years; a company official told IRRC he felt it was “not right to hold everyone responsible; we have to move on.”

There are approximately 25,000 ex-prisoners whose crimes were politically motivated by the Northern Ireland conflict, or about 2 percent of the employable population. Ex-prisoner advocacy groups are calling for the eventual Single Equality Bill and planned Bill of Rights to include rights for ex-political prisoners and their families. Both pieces of legislation are under review and will probably remain there until the Northern Ireland Assembly members take their seats. Ironically, these former prisoners have often been labeled the middle managers of the peace process because they act as thought leaders for their communities.